



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 18th day of October, 2004

Information Directive Concerning the
Fitness Redetermination of

OLSON AIR SERVICE, INC.

Under 49 U.S.C. Sections 41110(e) and 41708

Docket OST-2004-19418

ORDER

Summary

By this order, we direct Olson Air Service, Inc. (Olson Air) to provide information to enable the Department to determine whether the carrier continues to be fit to provide interstate scheduled air transportation of persons, property, and mail.

Background

Section 41110(e) of Title 49 of the United States Code (the Transportation Code) provides that the requirement that air carriers be "fit" to perform air transportation services is a continuing one and that a carrier's authority shall be modified, suspended, or revoked if it either fails to remain fit or fails to file such reports as we deem necessary to determine whether it remains fit. Section 41708 empowers the Department to request information and reports that it may deem necessary to carry out its responsibilities under the Transportation Code and its regulations.

Pursuant to these responsibilities, by letter dated September 30, 2003, the Department requested from Olson Air, a certificated air carrier based in Anchorage, Alaska, information regarding the carrier's ownership, management, financial condition, and operations in order to assess whether the carrier continued to be fit to conduct its certificated air transportation operations. Olson Air holds certificate authority to provide interstate scheduled air transportation of persons, property, and mail under section 41102.¹

On November 18, 2003, Olson Air submitted the requested information, along with its financial statements for calendar year 2002 and the six months ended June 30, 2003.

¹ See Order 86-10-22. This authority was reissued by Order 98-7-6.

However, upon our review of the income statements provided, we detected and notified Olson Air of a discrepancy between the income reported to us as part of our review and that reported to the Department's Bureau of Transportation Statistics (BTS) on Olson Air's Form 298-C which indicated that no net income had been earned during these periods. Despite several subsequent requests by the Department for revised financials rectifying and/or explaining the difference in reported net income, no such information was filed.

By letter dated April 14, 2004, we reminded Olson Air that, in order for the Department to conduct a complete analysis of the carrier's financial fitness, updated financial statements addressing the aforementioned discrepancy in reported net income must be submitted. That letter also asked for more recent financial statements and informed Olson Air that, should it be unable to provide the Department with the requested information within 14 days of the date of the letter, it should provide a written explanation as to why it could not and when such information would be provided. No response was received to that letter.

By letter dated September 10, 2004, we informed Olson Air that the carrier's failure to file updated financial statements and to reconcile the information filed with us and with BTS despite repeated requests raised concerns not only as to the carrier's financial position, but also as to the carrier's compliance disposition and whether the Department could rely on the accuracy of any of the information Olson Air had filed. In this letter, we once again asked Olson Air to submit updated financial information addressing the discrepancy in reported net income. We advised the carrier that should it be unable to provide the requested financial statements within 7 days of the date of the letter, the Department would issue an order directing the carrier to file this information.

Decision

A year has elapsed since the Department initiated a continuing fitness review of Olson Air, yet the carrier has failed to provide us with sufficient information to determine whether it continues to be fit to provide its air transportation services. Therefore, we direct Olson Air to provide within 14 days of the date of service of this order updated financial statements, a statement rectifying and/or explaining the difference in net income reported to the Air Carrier Fitness Division in the informal fitness review and that reported to BTS, an explanation as to why it has not responded to our previous requests, and information regarding any changes it has undergone since November 2003 that may affect its fitness.

Failure by Olson Air to file the requested information will constitute a violation of this order and section 41708 of the Transportation Code and will subject Olson Air and its principals to appropriate enforcement action, which may include civil penalties, as well as possible modification, suspension, or revocation of Olson Air's operating authority under section 41110(e) of the Transportation Code.

ACCORDINGLY,

1. Under 49 U.S.C. sections 41110(e) and 41708, the Department directs Olson Air Service, Inc., to submit within 14 days of the date of service of this order, the following information:

- (a) Copies of Olson Air's balance sheets as of December 31, 2003, and June 30, 2004;
 - (b) Copies of Olson Air's income statements for calendar year 2003 and the six months ended June 30, 2004;
 - (c) An explanation addressing the discrepancy in reported net income on the carrier's income statements submitted to the Department as part of our review and that reported by the carrier to the Bureau of Transportation Statistics on Form 298-C;
 - (d) An explanation as to why Olson Air did not respond to our previous requests for this information; and
 - (e) Information regarding any changes Olson Air has undergone since November 2003 that may affect its fitness.²
2. Olson Air Service, Inc., shall submit a copy of the information requested herein to the Air Carrier Fitness Division, X-56, U.S. Department of Transportation, 400 7th St., S.W., Washington, D.C. 20590, and file a copy of the requested information in Docket OST-2004-19418.
3. We will serve a copy of this order on the persons listed in Attachment A.

By:

KARAN K. BHATIA
Assistant Secretary
for Aviation and International Affairs

An electronic version of this document is available on the World Wide Web at:
<http://dms.dot.gov>

² This would include such items as changes in ownership, management, or compliance disposition.

SERVICE LIST FOR OLSON AIR SERVICE, INC.

DR DONALD OLSON
PRESIDENT
OLSON AIR SERVICE INC
P O BOX 240325
ANCHORAGE AK 99524-0325

MR PETER J LYNCH AGC-300
FAA ASST CHIEF COUNSEL
FOR ENFORCEMENT
800 INDEPENDENC AVE SW
WASHINGTON DC 20591

MR DON BRIGHT K-25
OFFICE OF AIRLINE INFO
DEPT OF TRANSPORTATION
400 SEVENTH ST SW
WASHINGTON DC 20590

MR DONALD S LINDSEY
POI FOR OLSON AIR SERVICE
FAA FSDO-01
6450 AIRPORT WAY SUITE 2
FAIRBANKS, AK 99701

MGR FLIGHT STANDARDS DIV
FAA AAL-200
ALASKA REGION HDQ
222 WEST 7TH AVE #14
ANCHORAGE, AK 99513

REGIONAL COUNSEL
FAA AAL-200
ALASKA REGION HDQ
222 WEST 7TH AVE #14
ANCHORAGE, AK 99513